

Exhibit A12

ADAIR & MYERS

P.L.L.C.

February 1, 2009

VIA CMRRR # 70080500000122800881

Mid-Continent Casualty Company
P.O. Box 2968
Tulsa, OK 74101-2968

Re: Claim Number:	1828124
Insured:	Hallmark Design Homes, L.P., Joe B. Partain
Policy No.:	04-GL-000717323
Policy Term:	5/28/08-1/20/09
Claimant:	Kipp Flores Architects, LLC
Date of Loss:	1/19/09

To Whom It May Concern:

We are in receipt of your reservation of rights letter dated January 25, 2010. The insured accepts coverage under the reservation of rights subject to the following limitations. As we are sure you are aware, tendering a reservation of rights creates a conflict of interest between the insurer and the insured.¹ Because of this conflict of interest, the insured properly controls its defense, including the selection of independent defense counsel.²

In light of the conflict of interest created by the reservation of rights, the insureds do not consent to the placement of this case with Cooper & Scully, P.C. and are exercising their rights to obtain independent counsel. The insureds have selected this law firm to defend them against the above-referenced claim in Civil Action No. 4:09-CV-00850.

Rest assured, this firm is fully qualified and equipped to defend this suit. We have already been engaged in the defense of this suit for several months and we are familiar with the parties, legal and factual issues, attorneys and judges. Obtaining new defense counsel would only duplicate the efforts to obtain our level of existing familiarity with the case at great expense to you. We have already identified numerous defenses that we believe will be a strong basis to challenge the allegations made by the plaintiff in this suit. Furthermore, our firm has attorneys experienced in intellectual property disputes, including the defense of copyright infringement and advertising injury claims such as those present here.

Please provide us with your billing guidelines and any other information or documentation you require in order to be able to enter into a retainer agreement with this firm. When we receive your request we will forward the firm's retainer agreement. Unless the carrier

¹ *Northern County Mut. Ins. Co. v. Davalos*, 140 S.W.3d 685 (Tex. 2004).

² *Rhodes v. Chicago Ins. Co.*, 719 F.2d 116, 120 (5th Cir.1983); *Steel Erection Co. v. Travelers Indem. Co.*, 392 S.W.2d 713 (Tex. Civ. App.—San Antonio 1965).

enters into an engagement letter with the firm, we will bill at standard rates on a monthly basis and require full payment within 30 days of presentation of the invoice. At such time, the firm shall charge interest thereon until paid.

We anticipate that you may elect to challenge the insureds' right to select this firm to defend them under the policy terms despite the clarity of the law on the subject. Please be advised, if Mid-Continent refuses to recognize the insureds' right to independent counsel, we will seek a declaratory judgment to establish the insureds' rights to select independent counsel. In that event, the insureds will be entitled to collect damages and the attorney's fees expended in the declaratory judgment action.

Thank you for your time and attention to this important matter. We look forward to your prompt response.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Chris Stevenson", is written over a horizontal line.

Christopher A. Stevenson

U.S. Postal Service™
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Sent To Mid-Continent Casualty Co.
 Street, Apt. No.,
 or PO Box No. P.O. Box 2968
 City, State, ZIP+4 Tulsa, OK 74101-2968

PS Form 3800, August 2006 See Reverse for Instructions

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. <p>1. Article Addressed to:</p> <p style="font-size: 1.2em;">Mid-Continent Casualty Co. P.O. Box 2968 Tulsa, OK 74101-2968</p>	<p>A. Signature</p> <p><input checked="" type="checkbox"/> Addressee <input type="checkbox"/> Addressee</p> <p>B. Received by (Printed Name) <u>Don</u> C. Date of Delivery <u>FEB 04 2010</u></p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p> <p style="text-align: center; font-weight: bold;">USPS</p>
<p>2. Article Number</p> <p style="font-size: 1.2em;">7008 0500 0001 2280 0881</p> <p>(Transfer from serv.)</p>	<p>3. Service Type</p> <p><input type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p> <p>4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes</p>

PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540